

**TROY CAPITAL
RESOURCE CORPORATION**

**Financial Statements and
Supplementary Information**

December 31, 2017

TROY CAPITAL RESOURCE CORPORATION

Financial Statements

December 31, 2017

Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Troy Capital Resource Corporation
Troy, New York

We have audited the accompanying financial statements of Troy Capital Resource Corporation ("TCRC" or the "Corporation"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Troy Capital Resource Corporation as of December 31, 2017, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Corporation's basic financial statements. The schedule of indebtedness is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The schedule of indebtedness is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2018 on our consideration of Troy Capital Resource Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Wojcik & Co. CPAs, P.C.

East Greenbush, New York
April 20, 2018

TROY CAPITAL RESOURCE CORPORATION

Statement of Net Position

December 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 461,102
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TOTAL CURRENT ASSETS	<u>461,102</u>
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NET POSITION

Unrestricted	<u><u>\$ 461,102</u></u>
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See accompanying notes to financial statements.

TROY CAPITAL RESOURCE CORPORATION

Statement of Revenues, Expenses and Change in Net Position

For the Year Ended December 31, 2017

OPERATING REVENUES		
Project fees		\$ 1,500
OPERATING EXPENSES		
Economic development		25,200
Professional fees		8,610
	TOTAL OPERATING EXPENSES	<u>33,810</u>
	OPERATING LOSS	(32,310)
NON-OPERATING REVENUES		
Interest income		42
	TOTAL NON-OPERATING REVENUE	<u>42</u>
CHANGE IN NET POSITION		(32,268)
NET POSITION, beginning of year		<u>493,370</u>
	NET POSITION, end of year	<u>\$ 461,102</u>

See accompanying notes to financial statements.

TROY CAPITAL RESOURCE CORPORATION

Statement of Cash Flows

For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from project fees	\$ 1,500
Refunds received from vendors	75,000
Payments to vendors	<u>(33,810)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	42,690
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from interest income	<u>42</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,732
Cash and cash equivalents at beginning of year	<u>418,370</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 461,102</u></u>
RECONCILIATION OF OPERATING LOSS TO NET	
CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (32,310)
Changes in operating assets:	
Prepaid expenses	<u>75,000</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 42,690</u></u>

See accompanying notes to financial statements.

TROY CAPITAL RESOURCE CORPORATION

Notes to Financial Statements

December 31, 2017

NOTE A--CORPORATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Troy Capital Resource Corporation ("TCRC" or the "Corporation") was created during 2009 under Section 1411 of the New York State Not-For-Profit Corporation Law. The Corporation, although established by the City Council of the City of Troy, New York (the "City"), is a separate public benefit corporation and operates independently of the City.

TCRC was established to promote community and economic development for the citizens of the City by developing and providing programs to access low interest tax-exempt and non-tax-exempt financing for eligible projects and undertaking projects and activities within the City for the purpose of relieving and reducing unemployment, improving job opportunities, attracting new industry, or encouraging the development of, or retention of, industry in the City. In return for its efforts, TCRC receives application and closing fees related to this financing.

Basis of Presentation

The Corporation's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to TCRC is determined by its measurement focus. The transactions of TCRC are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of net position. Net position is classified into two components – restricted and unrestricted. These classifications are defined as follows:

Restricted net position: This component of net position represents external restrictions on net position imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position: This component represents net position that does not meet the definition of "restricted net position".

TROY CAPITAL RESOURCE CORPORATION

Notes to Financial Statements--Continued

NOTE A--CORPORATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U. S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

TCRC considers as cash all demand deposits and all highly liquid investments which are readily convertible to cash.

Financing Activities

Revenue bonds issued by TCRC are collateralized by property that is leased to companies and is retired by lease payments. The bonds are not obligations of TCRC or the State of New York. TCRC does not record the assets or liabilities resulting from completed bond transactions in its accounts since its primary function is to arrange financing between borrowing companies and bond holders, and funds arising from those transactions are controlled by trustees or banks acting as fiscal agents. For providing this service, TCRC receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds.

At December 31, 2017, the outstanding balance of bonds issued totaled \$408,010,000.

Income Taxes

The Corporation is exempt from Federal, State and Local income taxes.

Subsequent Events

TCRC evaluates transactions that occur subsequent to year end for potential recognition or disclosure in the financial statements through the date on which the financial statements are available to be issued. The financial statements were approved by management and available to be issued on April 20, 2018.

TROY CAPITAL RESOURCE CORPORATION

Notes to Financial Statements--Continued

NOTE B--CASH AND CASH EQUIVALENTS

TCRC's investment policies are governed by New York State statutes. In addition, TCRC has its own written investment policy. TCRC is authorized to use demand deposit accounts, money market accounts, and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and those of New York State and its municipalities and school districts.

All cash of TCRC is maintained in accounts covered by the Federal Deposit Insurance Corporation (FDIC). In accordance with state law, collateral is required for demand deposits and certificates of deposit not covered by FDIC insurance. TCRC's uninsured deposits are collateralized by accounts held by the pledging financial institution agent in TCRC's name.

NOTE C--RELATED PARTY TRANSACTIONS

City of Troy

The City of Troy provides staff support and office space to TCRC without compensation.

City of Troy Industrial Development Authority

TCRC's current Board of Directors is the same as that of the Troy Industrial Development Authority (Authority). TCRC reimbursed the Authority approximately \$6,200 for its share of annual license fee for a grants management software.

COMPLIANCE REPORT



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Troy Capital Resource Corporation
Troy, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Troy Capital Resource Corporation ("TCRC" or the "Corporation"), which comprise the statement of net position as of December 31, 2017, and the related statements of revenues, expenses, and change in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in

internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Troy Capital Resource Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wojcik & Co. CPAs, P.C.

East Greenbush, New York
April 20, 2018

SUPPLEMENTARY INFORMATION

TROY CAPITAL RESOURCE CORPORATION

Supplementary Information - Schedule of Indebtedness

For the Year Ended December 31, 2017

<u>Project</u>	<u>Original Issuance Date</u>	<u>Original Bond Issued</u>	<u>Current Interest Rate</u>	<u>Outstanding Beginning of Fiscal Year</u>	<u>Issued During Fiscal Year</u>	<u>Paid During Fiscal Year</u>	<u>Outstanding End of Fiscal Year</u>	<u>Final Maturity Date</u>
Rensselaer Polytechnic Institute	04/10	\$ 311,630,000	Varies	\$ 311,630,000	\$ -	\$ -	\$ 311,630,000	09/40
Rensselaer Polytechnic Institute	06/10	47,180,000	3.00%	32,770,000	-	7,080,000	25,690,000	09/21
Rensselaer Polytechnic Institute	11/15	<u>74,045,000</u>	Varies	<u>72,385,000</u>	<u>-</u>	<u>1,695,000</u>	<u>70,690,000</u>	08/35
		<u>\$ 432,855,000</u>		<u>\$ 416,785,000</u>	<u>\$ -</u>	<u>\$ 8,775,000</u>	<u>\$ 408,010,000</u>	

See independent auditors' report